

The Bond Buyer (Online Business Magazine)

<http://www.bondbuyer.com/news/washington-securities-law/new-mexico-deal-raises-eyebrows-1065758-1.html>

Securities Law

New Mexico Deal Raises Eyebrows

by Kyle Glazier

SEP 2, 2014 10:20am ET

When RBC Capital Markets underwrote \$727 million of gas supply revenue refunding bonds earlier this month for a New Mexico authority created by local governments that retain RBC as a financial advisor, some market participants raised their eyebrows.

The MSRB's Rule G-23 was amended in 2011 to prevent an underwriter from "role switching" - serving as financial advisor to a state or local government and then abruptly switching roles to underwrite an issuance of bonds on which it provided advice and possibly even recommended to the issuer. The Dodd-Frank Act and rules implementing it imposes a fiduciary duty on anyone giving advice to a municipality, under which it must put that issuer's interests ahead of its own.

But RBC officials insist that they broke no rules and fully complied with all requirements. They said that the authority, the New Mexico Municipal Energy Acquisition Authority, is a completely separate issuer from the local governments, Las Cruces and Gallup, N.M.

"The firm is fully in compliance with the requirements of the swap and MSRB rules," said an RBC spokesman. "Prior to any proposals or presentations being provided, we ensured that NMMEAA was represented by its own independent adviser, which representation continued through completion of the financing process. With respect to the participant municipal governments of NMMEAA, which benefitted from the financing, RBC only provided advice related to natural gas acquisition issues within the scope of the municipal advisor exemption as provided by regulation and through its retained independent advisor."

Regulators declined to comment, saying compliance with the rule is based on facts and circumstances and they don't comment on specific transactions.

The New Mexico Municipal Energy Acquisition Authority is a joint powers authority that was created in 2008 by the cities of Las Cruces and Gallup in New Mexico specifically to issue bonds to finance a pre-paid gas contract. This model, which is used extensively in California, allows the participating local governments to purchase natural gas from NMMEAA at a considerable savings vs. a pay-as-you-go approach.

In California, JPAs may include many participating municipalities. The Southern California Public Power Authority, for example, includes the municipal utilities of the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon, and the Imperial Irrigation District. Muni bonds issued by those JPAs have been underwritten by a number of different dealer firms.

RBC promoted the creation of NMMEAA. RBC financial advisor Kevin Powers, who was working for Gallup, told the Associated Press in 2007 that he hoped to get the authority up and running by the middle of 2008 and touted the potential savings Gallup could obtain from financings.

The NMMEAA's board is governed by a seven-member board of directors: two each appointed by the city councils of Gallup and Las Cruces, two nominated by Farmington and approved by the appointees of the other two cities, and one from the County of Los Alamos who is also approved by Gallup and Las Cruces.

RBC has had longstanding municipal advisory relationships with all of these local governments through its managing director Paul Cassidy and its vice president Erik Harrigan, according to governmental officials and minutes of city and county council meetings.

"It's an ongoing relationship under contract," said Las Cruces Treasurer Mark Krawczyk.

Soon after it was created, the NMMEAA issued almost \$781million of gas supply variable rate revenue bonds in to finance the prepayment of a contract for a 30-year supply of natural gas to be sold Las Cruces, Farmington, and Los Alamos County.

RBC Capital Markets, a wholly owned subsidiary of Royal Bank of Canada, was the remarketing agent for the bonds, which were issued in 2009. Royal Bank of Canada was the gas supplier, counterparty to a swap the authority entered into to "hedge its exposure to interest rate fluctuations," and the liquidity facility provider, the official statement said.

RBC officials said The Majors Group was financial advisor in the 2009 deal, but neither the Norristown, Pa.-based firm, nor its owner, George Majors, appear in the official statement for the deal.

At that time, Rule G-23 did not prohibit role-switching, but it required the firm serving as FA to step down from that role before becoming underwriter and to disclose in writing to the issuer potential conflicts of interest and the amounts it was paid. The issuer had to acknowledge in writing that it received the disclosures.

Issuance costs totaled more than \$7.32 million, including an underwriter's discount of more than \$3.61 million, the premium for the commodity credit instrument, legal fees and other costs, according to the OS.

The 2009 bonds were refunded earlier this month when NMMEAA issued almost \$727

million of gas supply revenue refunding bonds. RBC officials said the refunding was done, in part, to comply with new Basel III related rules in Canada.

The deal included \$175 million of sub-series 2014A bonds that were initially issued in a long-term interest rate period ending on July 31, 2019. It also included almost \$552 million of sub-series 2014B variable rate bonds bearing interest based on the Libor index rate through July 31, 2019. Both series of bonds are subject to a mandatory tender for purchase on Aug. 1, 2019. NMMEAA also entered into a swap "to hedge its exposure to interest rate fluctuations," the official statement said.

The Majors Group is financial advisor to NMMEAA and the gas purchasers, Las Cruces, Farmington and Los Alamos County, according to the OS. RBC Capital Markets is underwriter of the bonds. Royal Bank of Canada is the gas supplier, funding provider, liquidity facility provider, interest rate swap counterparty, calculation agent and index rate determination agent.

Total issuance costs are almost \$5.18 million and include the underwriter's discount of \$4.15 million, the upfront fee for the liquidity facility, legal fees, and other costs of issuance.

The market participants with concerns say the situation presents conflicts of interest. They say RBC is the sole underwriter of a rich deal for an issuer controlled by its advisory clients and whose existence was recommended by an RBC representative. RBC made at least \$7.23 million from the two deals. Its parent company also made a lot of money.

But several securities lawyers say that it's possible the bank could have been in compliance with all Securities and Exchange Commission and Municipal Securities Rulemaking Board rules, even though the arrangement may appear questionable.

"If nothing else, it's a red flag," said one lawyer, cautioning that a situation like this is heavily based on the facts and circumstances, such as who was told what when and by whom.

Dave Sanchez, a former SEC attorney who most recently served as a general counsel to a broker-dealer, said that, as the MSRB and SEC continue to finalize the duties of municipal advisors, arrangements like the one in New Mexico should be examined by the participants.

"This is the kind of arrangement that bears scrutiny by financial advisors and dealers to make sure they are in compliance," Sanchez said.

NNMC Regent Kevin Powers & RBC Capital Markets Possible Conflict of Interest in \$16 Million Dorm Project

As Northern New Mexico College continues litigation against Monument, LLC, their dorm developer, the NNMC Study Group felt it important to explore the history of failed dorm projects at NNMC.¹ In particular, we have uncovered the possible conflicts of interest in various phases of the project with NNMC Regent Kevin Powers. Regent Powers was the Director of **RBC Capital Markets** in Albuquerque, the bond underwriter for the dorm project in 2007 and again in 2013-2014.

The NNMC dorm project was first proposed during the administration of former NNMC President José Griego. The college issued a request for proposal (RFP) seeking a company to act as project manager for dorm development. One of the duties of the project manager would be to devise a financing scheme, i.e. handle the details of funding the project via the issuance of bonds by the college or some other entity of state government acting on the college's behalf. The project manager would oversee all aspects of the project and would manage or sub-contract the various elements of work to other companies such as an architectural firm, a construction firm, or a bond underwriter.

An experienced company, well-qualified to be such a project manager, responded to the RFP. That company was Institutional Project Management (IPM) of the Chicago area. IPM's proposal identified **RBC Capital Markets** as the bond underwriter. At that time Regent Kevin Powers was identified as the Director of RBC Capital Markets in Albuquerque.

Communications between the college and IPM show that IPM was to be selected as the dorm project manager. But on the eve of the anticipated formal action awarding the management contract to IPM, then NNMC Board President Michael Branch proposed a change in the proposal specifications regarding the materials to be used for the dorm buildings beams. Branch, CEO of Santa Fe's Branch Realty Commercial Advisors [sic], wanted to substitute steel beams for wooden beams. IPM informed NNMC that such a change would mean a substantial increase in construction cost and thereby have an impact on the financing aspects of the project. Another development at this stage of the was IPM's announcement that the company wished to amend its proposal to make a change it the architectural firm it had initially proposed as one of its sub-contractors in the project.

Based on these two developments, NMCC cancelled the RFP and rejected the IPM proposal. The NNMC Board then stated that no other company had submitted a "second best" proposal and the entire dorm project was effectively cancelled/put on hold.

IPM then sued the college appealing the Board's cancelling of the RFP and alleging that the college had violated various legal requirements it was bound to observe (such as basic State procurement procedures).² The case was settled via a stipulated dismissal, meaning an out-of-court settlement was reached between IPM and NMCC in 2010. IPM also sued NNMC in a related case, which was regarding the college's refusal to release public records as required by the NM Inspection of Public Records Act.³

Certainly Kevin Powers, per his role as a senior executive at **RBC Capital Markets**, was involved in the IPM submissions to NMCC that identified RBC as the underwriter of bond for the dorm project. And surely Powers was aware of the IPM/NMCC disputes leading to the aforementioned litigation.

The dorm project effectively went into hibernation until sometime in 2012 or 2013 when the BOR resuscitated it.

Meanwhile, Powers retired from RBC in November, 2012. Just two months later in January 2013 Governor Susana Martinez appointed Powers to the NMCC BOR. However, the state Senate failed to consider confirmation of that appointment and Powers became a “regent-in-waiting” for the duration of 2013, taking his seat only after the state Senate did confirm him in January, 2014.

It is not known what, if any, continuing financial relationships/entanglements Powers may have with RBC Capital Markets as a retired executive of that securities firm.

It was during his “regent-in-waiting” period that the NMCC Board of Regents (led by Michael Branch) revived the dorm project. The dorm project’s second incarnation involved a new company playing the role of project manager. That company was Indiana-based Monument, LLC. Regents Branch and Herrera, who led the new push for dorms, were intimately familiar with the IPM fiasco as they were both serving as Board members in 2008.

In the minutes of the February 2014 NNMC Board of Regents meeting, Regent Herrera gave a report regarding Monument and the dorm project. That meeting was the first meeting attended by retired RBC Director Kevin Powers (immediately following his Senate confirmation). Herrera, according to the minutes, specifically mentioned that Monument’s services on behalf of the dorm project would involve the participation of RBC, newly-installed Regent Kevin Powers’ former employer.

The Monument services being provided to the college vis-à-vis the dorm project and RBC’s role in that endeavor were remarkably similar to those proposed by IPM back in 2008.

Throughout its failed 2013-2014 attempt to build new dorms, NNMC Board of Regents meeting minutes and college-related documents demonstrate RBC assisted Monument in that company’s quest to obtain approval of bonds to be issued to fund the dorm project. That quest met with failure.

NNMC entered into two contractual agreements with Monument, LLC, which total near one-million dollars. The college paid Monument in full for its services performed pursuant to the first contract. But the college has failed to make payments to Monument pursuant to the second contract. NNMC ceased additional payments to Monument coincidentally after to the college failed to obtain endorsement of the dorm project (and issuance of bonds) from the State Board of Finance. That failure effectively killed the dorm project in its second incarnation.

Subsequently Monument's attorney, Jason Bowles, wrote the college regarding the payments Monument was owed under the second Monument/NMCC contract (roughly \$600,000). Bowles suggested mediation (as required under the second contract) as a method for resolving any disputes regarding the unreceived payments. In response, the college filed a State District Court lawsuit against Monument seeking a declaratory judgment stating that the college was not liable for any additional payments to Monument. This action, filed by NMMC's legal counsel, Basham & Basham of Santa Fe, was a preemptive strike by the college to forestall any debt-collection lawsuit against the college by Monument.

This new dorm-related litigation in which the college is now embroiled may or may not involve some review of the pleadings/evidence in the 2008 IPM lawsuit against NMMC regarding the dorm project.

Of particular interest is the relationship of NMMC Regent Kevin Powers (RBC Capital Markets, former Director) with the 2008-2009 IPM failed dorm project, and his involvement with the 2012-2014 Monument deal, which was assisted by RBC. What were the entanglements as during the resurrection of the dorm project?

What were the discussions between Regent Powers, the NMMC Administration/Board members, and RBC in the 2012-2013 period when Powers was about to retire from RBC? What were the discussions between when Regent Powers was newly retired from RBC, and was a regent-in-waiting as the Monument/NMMC dorm project relationship was initially flowering?

Of particular interest are Regent Powers' conversations and interactions with his former colleagues at RBC as Monument and RBC efforts to secure bond approval were underway after he took office on NMMC Board in 2014.

We might also ask the propriety of Powers' involvement with the proposed \$16 million dollar dorm deal involving RBC when, according to his 990-T disclosure form to serve on the NMMC Board, Powers and his wife Marci listed annual income over \$5,000 as "various stocks bonds & funds 401k & IRA." What are the amounts Regent Powers and his wife have continued to draw from RBC?

Below is a small excerpt of the May 2014 NMMC Board of Regents meeting, we see Regent Kevin Powers pledging the direct and active support of the NMMC Board members to RBC's current Director Paul Cassidy (4:15).⁴ The intimacy of the continuing relationship between NMMC Regent Powers and RBC Capital Markets will continue to be probed.

Accessible with photos and video at: <http://www.nnmcstudygroup.org/blog/nnrc-regent-kevin-powers-rbc-capital-markets-possible-conflict-of-interest-in-16-million-dorm-project>

Notes

¹ For full story and court documents on the lawsuit filed by NNMC against Monument, LLC, see: <http://www.nnmcstudygroup.org/blog/nnmcs-barcelo-administration-sues-its-dorm-developer-to-avoid-payment-of-650000-past-due> *The Rio Grande Sun* has also reported on the lawsuit. See story at: <http://www.riograndesun.com/articles/2015/04/09/news/doc55259c88b4285872893446.txt>

² The case number for that lawsuit, filed in 2008, is D-117-CV-200800427. All of the case-file documents are domiciled at the Rio Arriba County Courthouse (First Judicial District Clerk's Office) in Tierra Amarilla. All such documents (contained in two large file folders) are hard copies. The case file is not imaged and therefore inspection of those documents requires visit to T.A. These voluminous case file documents reflect/substantiate the narrative above.

³ The IPC IPRA case number is D-117-2009-00265.

⁴ NNMC minutes of that Board meeting available online at: <http://nnmc.edu/wordpress/wp-content/uploads/2014/08/BORMinutesMay222014.pdf> The RBC Capital Markets presentation by Director Paul Cassidy begins at page 11. Additional excerpts of the RBC and Mondrall Sperling presentation at the May 2014 Board of Regents meeting available on youtube at the NNMC Study Group Channel at: <https://www.youtube.com/channel/UChVQBq07UoeNxltoa7syzXw/videos>



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FEBRUARY 3, 2014

Domingo Sanchez III
Northern New Mexico College
921 Paseo De Oñate
Española, New Mexico 87532

Re: Municipal Advisory Services

Dear Mr. Sanchez:

As you undoubtedly know, the municipal finance industry has experienced, and continues to experience, regulatory changes reflecting the passage of the Dodd-Frank legislation. RBC Capital Markets, LLC ("RBCCM") strives to be at the forefront of being responsive to these regulatory changes, and in doing so, believes it is important that our municipal advisory clients be mindful of certain considerations in how we interact with underwriters when serving as your municipal advisor.

COMMUNICATIONS WITH UNDERWRITERS

In advising you with the issuance of debt obligations ("Bonds") to meet your financing needs, RBCCM may receive communications from underwriters on your behalf regarding the offer and sale of Bonds. RBCCM believes it is important for you to understand how we will handle these communications in our role as municipal advisor to avoid any real or perceived conflicts.

- If underwriters contact us with financing proposals, marketing materials or solicitations to underwrite your Bonds, we will recommend that they contact you directly while providing RBCCM with a copy of any such materials to review on your behalf.
- When we receive requests by underwriters for information about your planned issuance of Bonds, unless otherwise directed by you, we will provide the same generally available public information about your financing plans to any underwriters requesting such information on an equal access basis.
- We may occasionally have contact with underwriters in restaurants or other social settings where business related conversation regarding your financing plans occurs; as municipal advisor, we will not accept any meals, entertainment or other items of value other than usual and customary business meals held in the offices of the underwriter.

COMPETITIVE SALES

With respect to Bonds that you decide to sell via competitive bid in a public sale:

- RBCCM, as municipal advisor, will recommend that Notices of Sale be posted to an electronic bid submission system (such as i-Preo's Parity System). In situations where use of an electronic bidding system is unavailable or otherwise undesirable, we will recommend the Notice be sent to at least three potential bidders selected by you as the issuer.

SELECTING UNDERWRITER(S) FOR NEGOTIATED SALES

If you select a negotiated sale for the Bonds, it is also important for you and us to understand how the underwriter(s) will be selected by you.

- Upon your request, we will generally provide a list of three or more firms of potential underwriters that we reasonably believe are qualified to provide underwriting services for your bond issue based on past experience of you and other issuers, independent rankings, general industry information and other objective factors.
- Upon your request, we will solicit on your behalf underwriter proposals for marketing and selling the Bonds, using a request for proposal or other process that you deem acceptable.
- Upon your request, we will provide you with summary information regarding the underwriter proposals you receive (e.g., qualifications, rankings, other evaluative data) for your review and consideration.
- While we may provide advice and assistance, you agree to select the underwriter(s) and designate their roles (senior manager, co-manager, etc.) and any syndicate policies or arrangements among the underwriters you select.

RBCCM appreciates the opportunity to serve as your municipal advisor and hope you value our efforts to do so in a fair and equitable manner. If you have any questions regarding the above understandings, please do not hesitate to ask us.

Sincerely,

RBC CAPITAL MARKETS, LLC



Paul Cassidy, Managing Director
February 3, 2014

ACKNOWLEDGEMENT

ACKNOWLEDGED this 31st day of JANUARY, 2014.

By Domingo Sanchez III

Name DOMINGO SANCHEZ, III

Title Vice President for Finance and Administration



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6301 Uptown Blvd. NE, Suite 110
Albuquerque, New Mexico 87110
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(505) 872-5979 - Fax

January 31, 2014

Domingo Sanchez III
Northern New Mexico College
921 Paseo De Onate
Española, New Mexico 87532

RE: Municipal Advisory Agreement Extension

Dear Mr. Sanchez:

RBC Capital Markets, LLC was selected to be Northern New Mexico College's Financial Advisor on January 12, 2010. The initial contract was awarded for a period of 48 months from its effective date, January 12, 2010, with an additional renewal of 48 months.

RBC Capital Markets would be pleased to continue as Financial Advisor to Northern New Mexico College for another term through January 12, 2018. The current Scope of Services and Fee Schedules have not changed.

It has been a pleasure working with you and your staff and I am looking forward to the continued opportunity to work with Northern New Mexico College.

If you should have any questions, please feel free to call me at your convenience.

Sincerely,

Paul Cassidy, Managing Director

ACKNOWLEDGEMENT

ACKNOWLEDGED this 31st day of January, 2014.

By

Name

Domingo Sanchez III

Title

Vice President for Finance and Administration



MODRALL SPERLING

L A W Y E R S

January 21, 2014

Domingo Sanchez III
Vice President for Finance and Administration
Northern New Mexico College
921 N. Paseo de Oñate
Española, NM 87532

Duane E. Brown
505.848.1807
Fax: 505.848.9710
duanebrown@modrall.com

Re: Northern New Mexico College, System Revenue Bonds, Series 2014

Dear Mr. Sanchez:

Northern New Mexico College is at the beginning the process of financing a housing facility through the issuance of system revenue bonds. We welcome the opportunity to work with the College to provide bond counsel services for this bond issue, which is estimated at a principal amount of \$15,000,000.

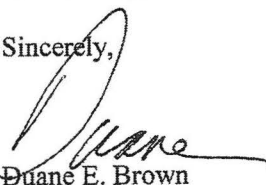
Assuming the bonds are successfully placed with either the New Mexico Finance Authority or a bank, our bond counsel fee will be a flat charge of \$36,250 plus gross receipts taxes and out-of-pocket expenses. The fee is based on our current bond counsel services contract with New Mexico State University. We anticipate the bond counsel fee would be paid from bond proceeds after closing. However, if the bond issuance process is terminated by the College prior to closing, we will bill for services in accordance with standard hourly rates.

Peter Franklin and I will be the lawyers primarily responsible for the work on the bond issue, and we will be your primary contact persons. Our paralegal, Jennifer DeVore, will also assist us on this matter. Other attorneys and legal assistants may be utilized where necessary to assure timelines are met.

Please review this letter, and if you have any questions or comments concerning our representation of the College as bond counsel, please contact me. If this proposal is acceptable, please indicate your agreement to its terms by signing and returning a copy.


We look forward to working with you and the College on this bond issue.

Sincerely,



Duane E. Brown

ACCEPTED AND AGREED TO:

By: 
Domingo Sanchez III, Vice President for Finance and Administration

DATE: 1/30/14

Modrall Sperling
Roehl Harris & Sisk P.A.

Bank of America Centre
500 Fourth Street NW
Suite 1000
Albuquerque,
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PO Box 2168
Albuquerque,
New Mexico 87103-2168

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FEBRUARY 3, 2014

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Northern New Mexico College
921 Paseo De Oate
Española, New Mexico 87532

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Sincerely,

RBC CAPITAL MARKETS, LLC



Paul Cassidy, Managing Director
February 3, 2014

ACKNOWLEDGEMENT

ACKNOWLEDGED this 31st day of JANUARY, 2014.

By *Dominico Sanchez III*

Name *DOMINICO SANCHEZ, III*

Title *Vice President for Finance and Administration*



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January 31, 2014

Domingo Sanchez III
Northern New Mexico College
921 Paseo De Onate
Española, New Mexico 87532

RE: Municipal Advisory Agreement Extension

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Sincerely,

Paul Cassidy, Managing Director

ACKNOWLEDGEMENT

ACKNOWLEDGED this 31st day of January, 2014.

By Domingo Sanchez III

Name DOMINGO SANCHEZ III

Title Vice President for Finance and Administration



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November 13, 2013

Domingo Sanchez III
Northern New Mexico College
921 Paseo De Oñate
Española, New Mexico 87532

RE: Municipal Advisory Agreement Extension

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Sincerely,

Paul Cassidy, Managing Director

ACKNOWLEDGEMENT

ACKNOWLEDGED this 20th day of November, 2013.

By Domingo Sanchez III

Name Domingo Sanchez III

Title Vice President for Finance and Administration



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RBC Capital Markets Corporation
6301 Uptown Blvd. NE, Suite 110
Albuquerque, New Mexico 87110
(505) 872-5999
(505) 872-5979 - Fax

AS OF JANUARY 12, 2010

Northern New Mexico College
Española Campus
921 Paseo de Onate
Española, NM 87532

To Whom It May Concern:

1. **Retention of RBC Capital Markets Corporation.** We understand that the Northern New Mexico College ("Issuer" or "you") will have under consideration from time to time the authorization and issuance of obligations evidencing indebtedness ("Obligations") and that in connection with the issuance of such Obligations you hereby agree to retain RBC Capital Markets Corporation ("RBC CM") as your financial advisor in accordance with the terms of this financial advisory agreement ("Agreement"). This Agreement shall apply to all Obligations that may be authorized and/or issued or otherwise created or assumed from time to time during the period in which this Agreement is effective.
2. **Scope of Services.** As financial advisor, we agree to perform the following:
 - (a) Analyze the financing alternatives available to the Issuer, taking into account its borrowing capacity, future financing needs, policy considerations, and such other factors as we deem appropriate to consider.
 - (b) Recommend a plan for the issuance of Obligations that will include: (1) the type of bonds (current interest, capital appreciation, deferred income, etc.); (2) the date of issue; (3) principal amount; (4) interest structure (fixed or variable); (5) interest payment dates; (6) a schedule of maturities; (7) early redemption options; (8) security provisions; and (9) other matters that we consider appropriate to best serve the Issuer's interests. To the extent appropriate, the plan will address strategies in addition to the issuance of obligations, such as interest rate derivative transactions.
 - (c) Advise you of current conditions in the relevant debt market, upcoming bond issues, and other general information and economic data which might reasonably be expected to influence interest rates, bidding conditions or timing of issuance.
 - (d) Organize and coordinate the financing team. Unless otherwise directed by you, we will select the paying agent, escrow agent and verification agent, as the particular transaction may require, each of whom will be retained and compensated by you.
 - (e) Work with counsel on the transaction, including bond counsel whom you retain, who will be recognized municipal bond attorneys, whose fees will be paid by you, and who will prepare the proceedings, provide legal advice concerning the steps necessary to be taken to issue the Obligations, and issue an unqualified opinion (in a form standard for the particular type of financing) approving the legality of the Obligations and (as applicable) tax exemption of the interest paid thereon. In addition,

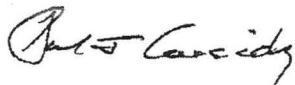
bond counsel will issue an opinion to the effect that the disclosure document does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. Generally, working with counsel will mean coordinating with the attorneys and assisting in the financial advisory aspects of preparing appropriate legal proceedings and documents, including documents concerning any required election.

- (f) Assist in the Issuer's preparation of the Preliminary Official Statement ("POS") and the Official Statement ("OS") or equivalent document as the particular transaction may require (such as a private placement memorandum).
- (g) In connection with a competitive sale, we will:
 - i. coordinate the preparation of the Official Notice of Sale, the Uniform Bid Form (containing provisions recognized by the municipal securities industry as being consistent with the securities offered for sale) and other such documents which you may request or deem appropriate;
 - ii. submit all such documents for examination, approval, and certification by appropriate officials, employees, and agents of the Issuer, including bond attorneys;
 - iii. coordinate delivery of these documents to a list of prospective bidders;
 - iv. where appropriate, organize investor meetings;
 - v. coordinate the receipt of bids;
 - vi. advise as to the best bid, including acceptance or rejection of the best bid;
 - vii. if a bid is accepted, coordinate the delivery of and payment for the Obligations;
 - viii. assist in verification of final closing figures;
 - ix. provide copies of documents to the purchaser of the Obligations in accordance with the terms of the Official Notice of Sale and the Uniform Bid Form.
- (h) Make recommendations as to the need for credit rating(s) for the proposed Obligations and, should the Issuer seek a rating, coordinate the process of working with the rating agency or agencies and assist in the preparation of presentations as necessary.
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- (j) Attend meetings of governing bodies of the Issuer, its staff, representatives or committees as requested.

8. **Other Conditions.** In addition to the terms and obligations herein contained, this Agreement is subject to the following special conditions: None
9. **Term of Agreement and Waiver of Sovereign Immunity.** This Agreement shall be for a period of 48 months (the "Term") from its date; however, this Agreement may be terminated by either party upon 30 days written notice. If neither party provides written termination prior to the end of the Term, this Agreement will automatically renew for another Term. You agree and understand that this Agreement is a contract for services and waive any claims you may have that you are immune from suit by virtue of any law, statute, or claim for any matter arising from or relating to this Agreement. Paragraphs 4, 6 (insofar as it concerns reimbursable expenses) and 9 (insofar as it concerns waiver of sovereign immunity) will survive any termination of this Agreement.
10. **Miscellaneous Provisions.** This Agreement is submitted in duplicate originals. Your acceptance of this Agreement will occur upon the return of one original executed by an authorized Issuer representative, and you hereby represent that the signatory below is so authorized. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect. This Agreement constitutes the entire agreement between the parties as to the subject matter thereof and supersedes any prior understandings or representations. This Agreement may be amended or modified only by a writing signed by both parties. This Agreement is solely for the benefit of you and RBC CM, and no other person. RBC CM may not assign this Agreement without your prior written consent.

Respectfully submitted,

RBC CAPITAL MARKETS CORPORATION



Paul J. Cassidy
Managing Director

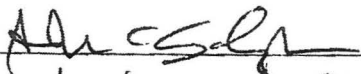
ACCEPTANCE BY NORTHERN NEW MEXICO COLLEGE

ACCEPTED [19th] on [April], 2010

By

Name

Title



Andres C. SALAZAR

Interim EUP of Finance & Admin

NORTHERN NEW MEXICO COLLEGE

FEE SCHEDULE

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2. **Reimbursable Expenses.** In addition to the Financial Advisory fee above, out-of-pocket travel expenses and mileage expenses will be reimbursed by the NNMC at cost. Due to corporate policy, reimbursable expenses cannot be paid by RBC Capital Markets. However, all expenses incurred during the issuance of bonds will be reviewed by RBC Capital Markets for accuracy and forwarded to NNMC for payment from bond proceeds when the bonds are issued. This provides additional savings in Gross Receipts Tax to the NNMC.
3. **Investment of Proceeds.** The NNMC may elect to utilize RBC CM as Financial Advisor for the investment of bond proceeds. A separate fee would be charged of 0.2 percent of the amount invested with a minimum fee of \$3,000 and a maximum fee of \$30,000. At no time would it exceed the IRS Safe Harbor Rules.
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After closing we will deliver to the Issuer and the paying agent(s) definitive debt records, including a schedule of annual debt service requirements on the Obligations.

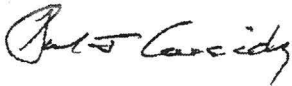
You acknowledge that advice and recommendations involve professional judgment on our part and that the results cannot be, and are not, guaranteed.

3. **Information to be Provided to RBC CM.** You agree (upon our request) to provide or cause to be provided to us information relating to the Issuer, the security for the Obligations, and other matters that we consider appropriate to enable us to perform our duties under this Agreement. With respect to all information provided by you or on your behalf to us under this Agreement, you agree upon our request to obtain certifications (in a form reasonably satisfactory to us) from appropriate Issuer representatives as to the accuracy of the information and to use your best efforts to obtain certifications (in a form reasonably satisfactory to us) from representatives of parties other than the Issuer. You acknowledge that we are entitled to rely on the accuracy and completeness of all information provided by you or on your behalf.
4. **Official Statement.** You acknowledge that you are responsible for the contents of the POS and OS and will take all reasonable steps to ensure that the governing body of the Issuer has reviewed and approved the content of the POS and OS. You acknowledge that you are subject to and may be held liable under federal or state securities laws for misleading or incomplete disclosure. To the extent permissible by law, you agree to indemnify and hold us harmless against any losses, claims, damages or liabilities to which we may become subject under federal or state law or regulation insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon omission or alleged omission to state in the disclosure document a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse us for any legal or other expenses reasonably incurred by us in connection with investigating or defending any such loss, claim, damage, liability or action.
5. **G-23.** In connection with Rule G-23 of the Municipal Securities Rulemaking Board, the Issuer agrees that RBC CM may submit a bid (either independently or as a member of a syndicate) for any issue of Obligations when offered for sale at competitive bid and prior to submitting any such bid we shall obtain the Issuer's written consent to bid on the particular issue of Obligations
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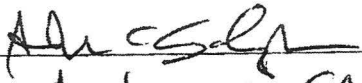
RBC CAPITAL MARKETS CORPORATION



Paul J. Cassidy
Managing Director

ACCEPTANCE BY NORTHERN NEW MEXICO COLLEGE

ACCEPTED [19th] on [April], 2010

By 
Name Andres C. SALAZAR
Title Interim EVP of Finance & Admin

NORTHERN NEW MEXICO COLLEGE

FEE SCHEDULE

1. **Financial Advisory Services.** As consideration for the services rendered by RBC CM and as a reimbursement for the expenses we are to incur, it is agreed that Northern New Mexico College ("NNMC") will pay, and we are to accept a fee based upon the following schedule (subject to negotiation in the event of special circumstances such as delay in financing or completion of the transaction):
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RBC Capital Markets®

RBC Capital Markets, LLC
6301 Uptown Blvd. NE, Suite 110
Albuquerque, New Mexico 87110
(505) 872-5999
(505) 872-5979 - Fax

November 13, 2013

Domingo Sanchez III
Northern New Mexico College
921 Paseo De Oate
Española, New Mexico 87532

RE: Municipal Advisory Agreement Extension

Dear Mr. Sanchez:

RBC Capital Markets, LLC was selected to be Northern New Mexico College's Financial Advisor on January 12, 2010. The initial contract was awarded for a period of 48 months from its effective date, January 12, 2010, with an additional renewal of 48 months.

RBC Capital Markets would be pleased to continue as Financial Advisor to Northern New Mexico College for another term through January 12, 2018. The current Scope of Services and Fee Schedules have not changed.

It has been a pleasure working with you and your staff and I am looking forward to the continued opportunity to work with Northern New Mexico College.

If you should have any questions, please feel free to call me at your convenience.

Sincerely,

Paul Cassidy, Managing Director

ACKNOWLEDGEMENT

ACKNOWLEDGED this 20th day of November, 20 13.

By Domingo Sanchez III

Name Domingo Sanchez III

Title Vice President for Finance and Administration



RBC Capital Markets®

RBC Capital Markets Corporation
6301 Uptown Blvd. NE, Suite 110
Albuquerque, New Mexico 87110
(505) 872-5999
(505) 872-5979 - Fax

AS OF JANUARY 12, 2010

Northern New Mexico College
Espanola Campus
921 Paseo de Onate
Espanola, NM 87532

To Whom It May Concern:

1. **Retention of RBC Capital Markets Corporation.** We understand that the Northern New Mexico College ("Issuer" or "you") will have under consideration from time to time the authorization and issuance of obligations evidencing indebtedness ("Obligations") and that in connection with the issuance of such Obligations you hereby agree to retain RBC Capital Markets Corporation ("RBC CM") as your financial advisor in accordance with the terms of this financial advisory agreement ("Agreement"). This Agreement shall apply to all Obligations that may be authorized and/or issued or otherwise created or assumed from time to time during the period in which this Agreement is effective.
2. **Scope of Services.** As financial advisor, we agree to perform the following:
 - (a) Analyze the financing alternatives available to the Issuer, taking into account its borrowing capacity, future financing needs, policy considerations, and such other factors as we deem appropriate to consider.
 - (b) Recommend a plan for the issuance of Obligations that will include: (1) the type of bonds (current interest, capital appreciation, deferred income, etc.); (2) the date of issue; (3) principal amount; (4) interest structure (fixed or variable); (5) interest payment dates; (6) a schedule of maturities; (7) early redemption options; (8) security provisions; and (9) other matters that we consider appropriate to best serve the Issuer's interests. To the extent appropriate, the plan will address strategies in addition to the issuance of obligations, such as interest rate derivative transactions.
 - (c) Advise you of current conditions in the relevant debt market, upcoming bond issues, and other general information and economic data which might reasonably be expected to influence interest rates, bidding conditions or timing of issuance.
 - (d) Organize and coordinate the financing team. Unless otherwise directed by you, we will select the paying agent, escrow agent and verification agent, as the particular transaction may require, each of whom will be retained and compensated by you.
 - (e) Work with counsel on the transaction, including bond counsel whom you retain, who will be recognized municipal bond attorneys, whose fees will be paid by you, and who will prepare the proceedings, provide legal advice concerning the steps necessary to be taken to issue the Obligations, and issue an unqualified opinion (in a form standard for the particular type of financing) approving the legality of the Obligations and (as applicable) tax exemption of the interest paid thereon. In addition,

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(h) Make recommendations as to the need for credit rating(s) for the proposed Obligations and, should the Issuer seek a rating, coordinate the process of working with the rating agency or agencies and assist in the preparation of presentations as necessary.

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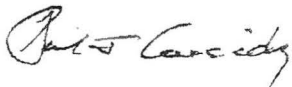
You acknowledge that advice and recommendations involve professional judgment on our part and that the results cannot be, and are not, guaranteed.

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4. **Official Statement.** You acknowledge that you are responsible for the contents of the POS and OS and will take all reasonable steps to ensure that the governing body of the Issuer has reviewed and approved the content of the POS and OS. You acknowledge that you are subject to and may be held liable under federal or state securities laws for misleading or incomplete disclosure. To the extent permissible by law, you agree to indemnify and hold us harmless against any losses, claims, damages or liabilities to which we may become subject under federal or state law or regulation insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon omission or alleged omission to state in the disclosure document a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse us for any legal or other expenses reasonably incurred by us in connection with investigating or defending any such loss, claim, damage, liability or action.
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Paul J. Cassidy
Managing Director

ACCEPTANCE BY NORTHERN NEW MEXICO COLLEGE

ACCEPTED [19th] on [April], 2010

By Andres C. Salazar
Name Andres C. SALAZAR
Title Interim EVP of Finance & Admin

NORTHERN NEW MEXICO COLLEGE

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